

CONCURRENCE IN SENATE AMENDMENTS

AB 2320 (Ta)

As Amended August 10, 2026

Majority vote

SUMMARY

Requires the Department of Housing and Community Development (HCD), when awarding Homekey+ grant funding, to consider allowing adaptive reuse projects to use the timelines for construction rather than for rehabilitation, as specified.

Senate Amendments

Adds a definition of "substantial rehabilitation, reconstruction, or demolition" to include a project in which at least 55% of the existing structure is demolished, replaced, or substantially reconstructed.

COMMENTS

Homekey+: During the COVID-19 pandemic, the state used federal resources to create Project Roomkey to quickly house people experiencing homelessness temporarily in hotels and motels to avoid mass contamination of the virus and deaths. Project Roomkey later evolved into Homekey to fund the permanent acquisition of hotels and later new construction, master leasing, and other uses of the funds to create short-term and permanent housing to move people out of homelessness. In 2024, the voters approved Proposition 1 for the creation of housing for people experiencing homelessness with substance abuse and mental health challenges. Those funds have been available through Homekey+. According to information on HCD's website, \$767,900,183 of the \$2.145 billion available has been awarded. HCD issued a Notice of Funding Availability for the 2.1 billion for Homekey+ in March 2026. This includes funding for veterans housing, which was separately authorized by Prop 1.

Homekey+ can be used for a variety of uses and sets timelines for when construction must begin, and when it must be completed. For new construction and gap financing, groundbreaking must occur within six months of award, construction must be complete within 24 months, capital expenditure must be complete within 27 months and the units must be occupied by 27 months. All eligible uses, including acquisition and rehabilitation, must complete construction within 12 months, complete capital expenditure within 15 months, and be occupied within 15 months.

The sponsors wish to use Homekey+ for adaptive reuse projects, which would involve a full teardown of an existing structure, not just rehabilitation. The sponsors of this bill attempted to influence the recent update to the program NOFA to increase the amount of time for adaptive reuse but were unsuccessful. They contend that adaptive reuse projects typically involve extensive demolition, structural reconfiguration, and major electrical and mechanical upgrades; which align more closely with the new construction timeline, rather than the rehabilitation timeline. For example, nearly all unit conversions from nonresidential to multifamily residential require significant upgrades (e.g., electrical and transformer upsizing, merging rooms, adding kitchenettes, and constructing community buildings) that go far beyond typical rehabilitation and better align with new construction.

This bill is an effort to add a definition of adaptive reuse that is distinct from acquisition rehabilitation and give these types of projects more time – 24 months, similar to new construction – rather than 15 months for acquisition-rehab. This bill establishes statutory timelines for when different types of Homekey+ projects must be completed, rather than leaving the establishment of those timelines to the program guidelines, produced by HCD, which are more easily adjusted to meet the program's evolving demands. Although, it may make sense to give adaptive reuse the same amount of time as new construction to complete a project, that should be addressed in guidelines not in statute.

According to the Author

According to the author, "In 2024, voters approved \$2.145 billion in funding to expand housing and treatment options for vulnerable populations and tasked the state with ensuring these funds are used effectively. AB 2320 helps the state meet that goal. Since the passage of Proposition 1, Homekey+ grant funding has been underutilized. The state has had funding available to build permanent supportive housing for veterans and individuals with behavioral health challenges for more than a year, yet barriers to development have limited the program's use. AB 2320 does not reinvent the wheel. The 26-month completion timeline already exists for new construction projects. Applying this same timeline to adaptive reuse projects that require extensive demolition and reconstruction aligns with industry standards and better reflects the realities of these developments. AB 2320 is a commonsense clarification that will help ensure Homekey+ funding can be deployed more effectively to expand permanent supportive housing for those who need it most"

Arguments in Support

According to the Orange County Board of Supervisors, "Current Homekey+ guidelines distinguish between acquisition and rehabilitation and new construction, but do not adequately address adaptive reuse projects that require full teardowns and are more complex in scope. The current 14-month completion timeline for adaptive reuse projects makes it difficult to complete projects on time, disqualifies otherwise viable projects from participating in Homekey+ and creates obstacles to providing permanent supportive housing for people experiencing homelessness. AB 2320 aligns the timeline for adaptive reuse projects with the timeline for new construction, reflecting industry standards. Under the new timeline, adaptive reuse projects must be completed within 26 months, rather than 14 months. This measure also establishes a clear definition of adaptive reuse to address ambiguities and distinguish the differences in project types."

Arguments in Opposition

None on file.

FISCAL COMMENTS

None.

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0

YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

ASM APPROPRIATIONS: 14-0-1

YES: Wicks, Hoover, Aguiar-Curry, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ABS, ABST OR NV: Arambula

ASSEMBLY FLOOR: 77-0-3

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Arambula, Flora, Celeste Rodriguez

SENATE FLOOR: 36-0-4

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Alvarado-Gil, Dahle, Jones, Reyes

UPDATED

VERSION: August 10, 2026

CONSULTANT: Lisa Engel / H. & C.D. / (916) 319-2085

FN: 0003798